

Professor Arthur K C Li, GBS, JP
Secretary for Education and Manpower's
Speaking Note at the
Special Meeting of Finance Committee to examine
the Draft Estimates of Expenditure 2004-05
held on Thursday, 1 April 2004 at 4:15 pm

Mr Chairman,

In the new financial year, the total expenditure for the policy areas of education and manpower development is estimated at \$61.3 billion, comprising recurrent expenditure of \$50.1 billion and non-recurrent expenditure of \$11.2 billion.

2. I would now give a brief account of the expenditure budget for these two policy areas.

Education

3. Recurrent expenditure on education in 2004-05 will be \$49.2 billion, accounting for 24.2% of total Government recurrent expenditure. The level of provision is comparable to the 2003-04 original estimates. Together with non-recurrent expenditure, the total expenditure on education will amount to \$59.5 billion, or 23% of total Government expenditure.

4. I would like to stress that education remains the largest spending area of the Government, both in terms of total expenditure and total recurrent expenditure. Despite a fiscal deficit of some \$49 billion, the education budget remains comparable to that of 2003-04. This clearly demonstrates the importance we attach, and our commitment, to education.

5. Indeed, there will be increase in a number of recurrent expenditure items in the new financial year. Apart from growth in student financial assistance caseload and salary increments, we will put in additional resources to honour our policy commitments and to introduce new initiatives for improving the quality of education. We will, for instance, continue with the

programme to convert bi-sessional primary schools to whole-day operation, provide additional curriculum development leader posts in primary schools, provide additional school places to meet demand, enhance the Native-speaking English Teacher Scheme for primary schools and launch the pilot scheme on small class teaching, etc.

Manpower Development

6. On manpower development, total expenditure in 2004-05 will amount to \$1.8 billion. The increase over the revised estimates for 2003-04 is mainly due to the additional expenditure for reimbursement of course fees under the Continuing Education Fund and the provision earmarked for the establishment of the Youth Sustainable Development and Engagement Fund.

7. To encourage lifelong learning and facilitate the growth of the vocational training market, we will continue to work on a quality assurance mechanism to support the qualifications framework, and to set up the Industry Training Advisory Committees to underpin the implementation of the qualifications framework in different industry sectors. We will also review the coverage of the Continuing Education Fund and the Skills Upgrading Scheme.

Efficiency Savings

8. All sectors in the community should help resolve the fiscal deficit problem. In respect of the two policy areas of education and manpower development, EMB took the lead and achieved savings of over \$920 million in 2003-04. For 2004-05, apart from continuing to save the said amount, we have to achieve further savings of about \$1.29 billion. With the concerted efforts of the Bureau, the universities, the school sector, and the relevant departments and agencies, we will implement various measures to meet the savings target, including streamlining the administration and operation of the Bureau, packing of primary classes due to a decline in student population, and enhancing the cost effectiveness of post-secondary and tertiary education.

9. Nevertheless, I must stress that what we are doing is to achieve savings through an economy drive. We are not cutting resources. Our Bureau will review all expenditure, re-prioritise our work and endeavour to

save as much as practicable. We will plough back the savings into the education sector to meet the recurrent expenditure growth and fund the new initiatives. I would pledge here that our move to achieve savings will not affect the pace of the education reform or the quality of education.

10. Mr Chairman, my colleagues and I are pleased to answer questions from Members.

Education and Manpower Bureau
1 April 2004